

DATE: January 21, 2015
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-03

Update on the Intergovernmental Agreement with Portland Bureau of Parks and Recreation for the Construction of Gateway Urban Plaza and Neighborhood Park in the Gateway Regional Center Urban Renewal Area

BOARD ACTION REQUESTED

No action is requested; information only.

SUMMARY

The purpose of this report is to provide the Portland Development Commission (PDC) Board of Commissioners (Board) with an update on the Intergovernmental Agreement (IGA) between the PDC and Portland Bureau of Parks and Recreation (PP&R) for the construction of Gateway Urban Plaza and Neighborhood Park (the Park) at the corner of NE 106th Avenue and Halsey Street in the Gateway Regional Center Urban Renewal Area (see Attachment A for a site map). On October 29, 2014, the PDC Board authorized the Executive Director to execute the IGA, subject to PDC Board review of the Park project budget. Since then, staff has worked with PP&R to create a detailed project budget for construction of the Park (see Attachment B). In addition, PDC and PP&R have agreed to amend the IGA to: i.) Ensure that PDC's \$1,000,000 contribution is provided on a reimbursement basis rather than lump sum, up-front, and ii.) Establish a mechanism whereby PDC and PP&R agree to how any cost savings may be used.

BACKGROUND AND CONTEXT

In 2008, PDC and PP&R jointly purchased three adjacent properties totaling 4.2 acres at the southwest corner of NE Halsey Street and 106th Avenue with the shared goal of developing a three-acre neighborhood park and one acre of complementary mixed-use development. Subsequent to property acquisition, site preparation, and environmental remediation, PDC and PP&R worked with community members to design a master plan for the park that was ultimately adopted by Portland City Council in March 2011. Design features of the master plan include:

- Green spaces for family activities, strolling, fitness trail loops, seating areas, and event spaces for outdoor concerts and movies;
- Flexible space adaptive to activities that vary throughout the season;
- A multi-use public plaza along NE Halsey Street sized to include an interactive water feature, seating, dining, conversations, and a variety of events and festivals or a farmers market;
- Beginning level bike and skateboard terrain; group and individual picnic areas and active play features; and

- A universal play area.

Pedestrian level lighting will be provided throughout the site, and perimeter areas are open in order to maximize visibility and safety. PP&R has agreed to develop a plan to program the plaza area to cultivate active use of the park.

In 2014, PP&R committed funding to build the Park. The anticipated construction cost is \$5,100,000 with a total estimated budget of \$8,200,000. Funding will primarily come from PP&R systems development charges, and PDC has been asked to contribute \$1,000,000. Design of the Park began in late 2014 with construction to commence in late 2015. Completion is anticipated for spring 2017.

BUSINESS AND WORKFORCE EQUITY

PP&R's contracting for Park construction shall comply with PDC's Business and Workforce Equity Policies and Guidance. In recognition of PP&R's desire to secure diversity in contracting, apprenticeship, workforce, and local investment and their efforts to develop a Community Benefits Plan, the inclusivity objectives that have been created through the PP&R Community Benefits Plan that exceed PDC's Business and Workforce Equity Policies and Guidance will apply to this project as follows:

- PDC's 20 percent utilization goal for firms that have been certified by the State of Oregon as a Disadvantaged Business Enterprise, a Minority-Owned Business, a Women-Owned Business or an Emerging Small Business (DMWESB) is increased to 22 percent. In addition, 12 percent of the 22 percent must be met by a Disadvantaged Business Enterprise, a Minority-Owned Business, or a Women-Owned Business, with the remaining 10 percent being met by a combination of DMWESB certified firms.

BUDGET REVIEW

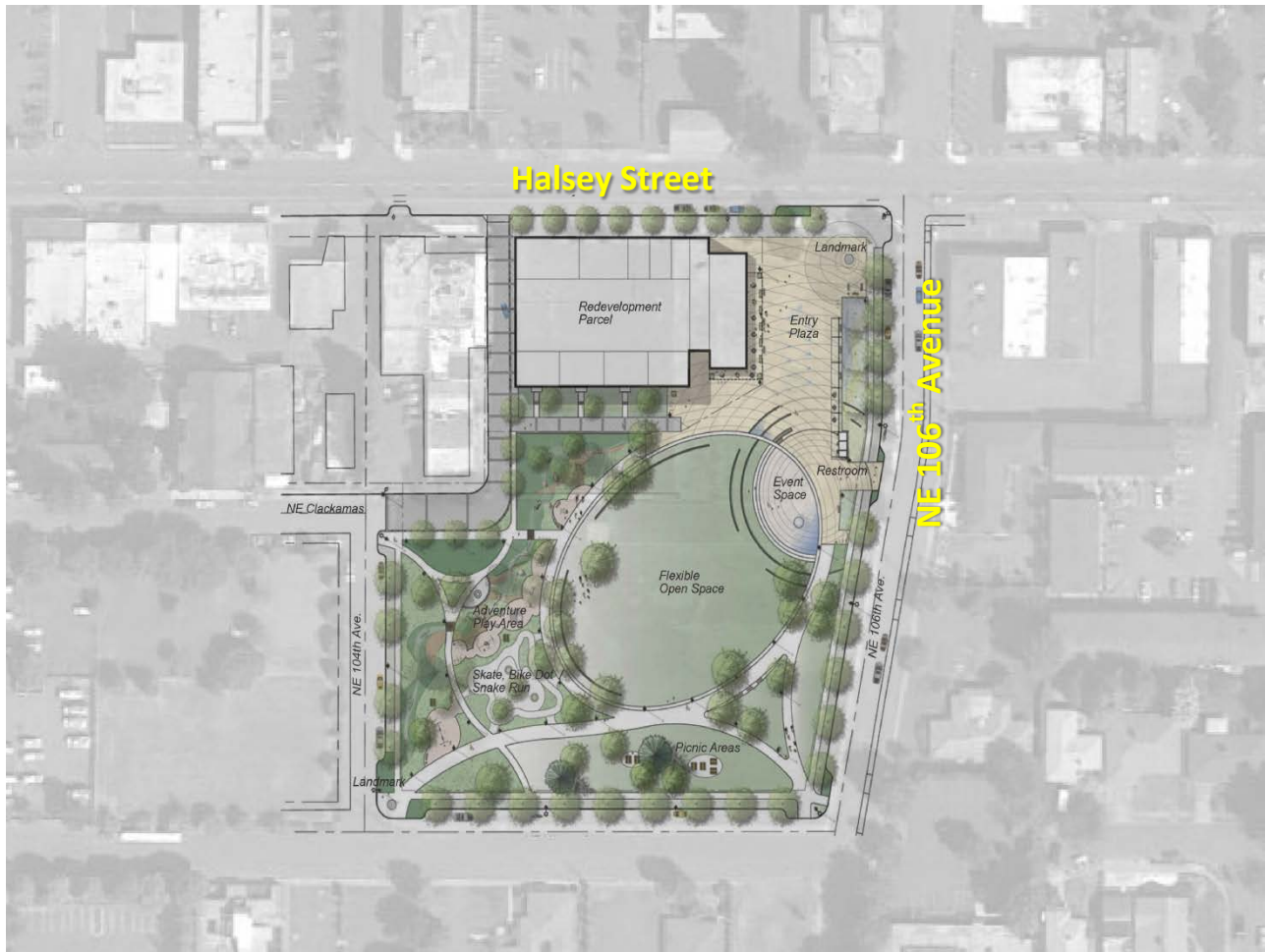
The Park budget includes contingencies to mitigate current unknowns, and the contingency levels are expected to adjust downward as more project certainties are known. Consequently, PDC has required that the IGA include the following provisions:

- PDC will reimburse construction expenses up to \$1,000,000 only after Park construction is complete and after PP&R assesses the potential for any savings. (Earlier the IGA had contemplated an upfront disbursement of PDC funds). A provision for the use of potential cost savings will be added to the IGA along with more specific reporting milestones. Savings are defined as: total actual costs at project completion less the total costs estimated in the attached budget. If there are savings, PDC and PP&R agree that they will be applied to three elements currently not budgeted: i.) shade structure; ii.) additional or upgraded water features; iii.) upgraded materials and finishes intended for longevity and ease of maintenance. If PP&R elects not to use cost savings for some or all of the three elements, then PP&R and PDC staff will convene and discuss how to allocate remaining funds.
- Adjustments and/or use of any contingency line item will be reported at the following milestones: i) end of Phase I construction; and ii) construction completion. The report at project completion shall also include all necessary information to determine a total Project Savings.

ATTACHMENTS

- A. Site Map
- B. Gateway Park Improvements Budget – 2014 Scope (December 9, 2014)

Site Map



PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

REPORT NO. 15-03

ATTACHMENT B

**UPDATE ON THE INTERGOVERNMENTAL AGREEMENT WITH
PORTLAND BUREAU OF PARKS AND RECREATION FOR THE
CONSTRUCTION OF GATEWAY URBAN PLAZA AND NEIGHBORHOOD
PARK IN THE GATEWAY REGIONAL CENTER URBAN RENEWAL AREA**

Attachment A includes this cover page and contains three pages:

- Gateway Park Improvements Budget – 2014 Scope (December 9, 2014)

PHASE 1 - CONTRACT CALCULATOR - Mark-ups and Escalation July 2015 - October 2015

DIRECT CONSTRUCTION COST

Site Demolition	1	ls	\$30,000	\$ 30,000.00
Earthwork/Erosion Control	1	ls	\$60,000	\$ 60,000.00
Irrigation Point of Connection and Mainline	1	ls	\$97,957	\$ 97,957.00
Site Utilities	1	ls	\$156,250	\$ 156,250.00
Right of Way Sidewalk Demolition	1	ls	\$25,000	\$ 25,000.00

SUB -TOTAL DIRECT CONSTRUCTION COST \$369,207

COMPOUNDED MARK-UP

Markup Description	Percentage	Amount	Subtotals
Scope / Estimating Contingency	10.00%	\$36,921	\$406,128
General Conditions	10.00%	\$40,613	\$446,740
Overhead	3.00%	\$13,402	\$460,143
Profit	7.00%	\$32,210	\$492,353
Insurance	1.00%	\$4,924	\$497,276
Bond	1.50%	\$7,459	\$504,735
Escalation to mid-point of Cons.	4.03%	\$19,838	\$524,573

TOTAL COMPOUNDED MARK-UP 42.08% \$155,366
TOTAL ESTIMATED PHASE 1 CONSTRUCTION CONTRACT COST **\$524,573**

ESCALATION CALCULATION	
Construction Cost Index	5.00%
Months to start of construction	8
Months of construction duration	3
Calculated months to mid-point of construction	9.5
Calculated Escalation	4.03%

PHASE 2 - CONTRACT CALCULATOR - Mark-ups and Escalation November 2015 - March 2017

DIRECT CONSTRUCTION COST

Site Demolition	1	ls	\$18,822	\$ 18,822.00
Earthwork	1	ls	\$29,000	\$ 29,000.00
Paved Surfaces	1	ls	\$534,751	\$ 534,751.00
Site Walls	1	ls	\$105,000	\$ 105,000.00
Inclusive Adventure Play Area	1	ls	\$250,000	\$ 250,000.00
Nature Play Area	1	ls	\$170,000	\$ 170,000.00
Skate Area	1	ls	\$80,000	\$ 80,000.00
Plaza Water Feature (Enhance if Funds are Available)	1	ls	\$764,400	\$ 764,400.00
Site Furnishings	1	ls	\$50,950	\$ 50,950.00
Restroom/Mechanical/Storage Building	1	ls	\$250,000	\$ 250,000.00
Shade Structure (Add Back if Funds are Available)	1	ls	\$0	\$ -
Landscape Planting, Irrigation	1	ls	\$147,957	\$ 147,957.00
Utilities	1	ls	\$156,250	\$ 156,250.00
Right of Way Improvements	1	ls	\$200,000	\$ 200,000.00

SUB -TOTAL DIRECT CONSTRUCTION COST \$2,757,130

COMPOUNDED MARK-UP

Markup Description	Percentage	Amount	Subtotals
Scope / Estimating Contingency	10.00%	\$275,713	\$3,032,843
General Conditions	10.00%	\$303,284	\$3,336,127
Overhead	3.00%	\$100,084	\$3,436,211
Profit	7.00%	\$240,535	\$3,676,746
Insurance	1.00%	\$36,767	\$3,713,513
Bond	1.50%	\$55,703	\$3,769,216
Escalation to mid-point of Cons.	9.81%	\$360,583	\$4,129,799

TOTAL COMPOUNDED MARK-UP 49.79% \$1,372,669
TOTAL ESTIMATED PHASE 2 CONSTRUCTION CONTRACT COST **\$4,129,799**

ESCALATION CALCULATION	
Construction Cost Index	5.00%
Months to start of construction	19
Months of construction duration	9
Calculated months to mid-point of construction	22.5
Calculated Escalation	9.81%

TOTAL ESTIMATED CONSTRUCTION CONTRACT COST **\$4,654,372**

DESIGN CONSULTANT CONTRACT ESTIMATOR

TOTAL CONSULTANT COST ANTICIPATED

Percentage of Total Contract Cost	14.50%	VARIES W/ PROJECT	\$674,884
Schematic design	15%	101,233	TBD
Design development	25%	168,721	TBD
Construction Documentation/Bid	52%	350,940	TBD
Construction Observation	8%	53,991	TBD
total		674,884	

PROJECT #: P10460

Design Phase Master Plan - Low Confidence Level

TOTAL ESTIMATED BUDGET OVERVIEW

Costs		PRE-DESIGN	
Acc#	Account Name	Costs	Notes
562000	Construction	5,223,081	Includes Phase 1 and 2
	Direct cost	4,654,372	Total Estimated Contract Cost From Page 1
	Construction Contingency @ 10% of Direct Cost - Line 11	465,437	Allowance for CMGC Risk Pools
	Utility Service Connections for site	80,000	Electrical, Water, Sanitary, Storm
	PPR Operations 0.5% of Direct Cost - Line 11	23,272	Work Orders for Locks, Signage, etc.
521000	Consultant / Professional Services	902,695	
	Landscape Architect @ 14.5% of Direct Cost - Line 11	674,884	includes all Design Team Consultants
	Independent Cost Estimator @ 0.75% of Direct Cost - Line 11	34,908	Independent Cost estimator for CMGC
	CMGC Fee @3.5% of Direct Cost - Line 11	162,903	Construction Manager/General Contractor
	CMGC Partnering (Allowance)	5,000	Consultant, Materials and Supplies
	Survey (Allowance)	25,000	City Provided Survey
549000	Miscellaneous costs	403,467	
	Land Use @ 0.5% of Direct Cost - Line 11	23,272	Early Assistance Meeting
	Bldg Permit Review Fees @ 1.7% of Direct Cost - Line 11	79,124	BDS Commercial Permit
	SDCs and TIF	0	Included Above
	Environmental Conditions Report	0	Existing
	HazMat Report (vapors)	0	Existing
	Soils Report/geotech	0	Existing. Design Criteria in Consultants Fees
	Public Involvement Expense (Allowance)	10,000	Community Outreach Consultant, Materials and Supplies
	Environmental Allowance @ 1% of Direct Cost - Line 11	46,544	For work below clean soil cap if required
	Community Benefit Plan @ 1% of Direct Cost - Line 11	46,544	Community Construction Training, Outreach Recruitment Fund
	Unforeseen Site, Conditions and CMGC Allowance @2.2% of Direct Cost - Line 11	102,396	Site, Conditions,CMGC Process
552100	Printing/Reproduction Service	2,500	Presentations, Plans, Specifications
561000	PDC Lot Line Adjustment	0	Land Use, Survey
	Post-Occupancy Problem Solving@2% of Direct Cost - Line 11	93,087	Materials and Services
	Staff	1,089,819	
511000	Staff Project Management @4.5% of Direct Cost - Line 11	209,447	Staff Personal Services
51100	Staff Construction Management @4% of Direct Cost - Line 11	186,175	Staff Personal Services
	PM/CM Assistant @3% of Direct Cost - Line 11	139,631	Staff or Consultant
549900	PM/CM Overhead @101.74% of PM/CM total Line 36-38	544,566	PPR assumption at SD
	Staff Public Involvement	10,000	Staff Personal Services
564000	Fixtures, Furniture & Equipment	0	Not Applicable for this scope of work
	Other (specify):	0	
	Soft Cost Contingency @20% of Line 15+21+35	479,196	Consultant/Professional Services, Miscellaneous Costs, Staff
	Percent for Art @2% of Direct Cost - Line 11	93,087	Regional Arts and Cultural Council
	Prevailing Wage Rate Fee (Allowance)	7,000	Maximum Bureau of Labor Industries Fee
	Solar surcharge (>\$1M)	0	Not Applicable for this scope of work
Total Cost Line 10+15+21+35+43-46		8,198,346	

Revenues	
Source	Amount
SDC	\$7,200,000
PDC	\$1,000,000
Harpers Playground	\$0
	\$0
	\$8,200,000
BALANCE	\$1,654

PERCENTAGE / CONSTRUCTION COST BREAKDOWN		
CONSULTANT FEES	14.50%	Landscape Architect - Line 16/Direct Cost - Line 11
CITY STAFF w/OH	23.41%	Of Direct Cost - Line 11
PERMITS / FEES / MISC	10.82%	Misc. Costs - Line 21 + Percent for Art - Line 44+ Prevailing Wage Rate Fee-Line 45/Direct Cost -Line 11
CONTINGENCY	20.30%	Soft Cost-Line 43+ Construction Contingency-Line 12/Direct Cost - Line 11
ESTIMATED COSTS BREAKDOWN		
CONSTRUCTION CONTRACT	4,654,372	Total Estimated Contract Cost - Line 11
CONSULTANT and CMGC FEES	902,695	Consultant / Professional Services - Line 15
STAFF COSTS / OH	1,089,819	Staff Services with Overhead
CONTINGENCY	944,633	Construction and Soft Cost Contingency
PERMITS / FEES / MISC	503,555	Misc. Costs - Line 21 + Percent for Art - Line 44+ Prevailing Wage Rate

List of Contingencies:

Scope / Estimating at 10% bid prices, prior to escalation. Found in "Compounded Mark-up". Assumes change in scope and/or estimating issues for bid assumptions. Percentage would drop as project advances.

Construction Contingency @ 10% of hard costs (after escalation). Assumes construction related items.

Soft Cost contingency @ 20% of Staff (w/OH), Miscellaneous Costs, Consultant Fees (total).